

**Testimony of
John M. R. Kneuer
Assistant Secretary of Commerce for Communications and Information
and Administrator
National Telecommunications and Information Administration
U.S. Department of Commerce**

**Before the
House Appropriations Subcommittee on Science, State, Justice and Commerce**

March 8, 2007

Mr. Chairman and members of the Subcommittee, I am pleased to appear before you today to present the President's FY 2008 Budget request for the National Telecommunications and Information Administration (NTIA). The NTIA budget represents a modest but important investment in maintaining and strengthening the U.S. communications infrastructure.

NTIA is responsible for the development and implementation of domestic and international telecommunications and information policy for the Executive Branch, for the efficient and effective use of the Federal radio spectrum, and for state-of-the-art telecommunications research, engineering, and planning. In addition, NTIA is responsible for the provision of grants in support of the equipment needs of public broadcasting stations, and, most recently, programs directed by The Deficit Reduction Act of 2005.

Our primary goal is to advance the development of global e-commerce and enhanced telecommunications and information services. Historically, NTIA has been provided the resources for this effort through the appropriations and reimbursable activity provided by this Subcommittee in the form of the Salaries & Expenses (S&E) and Public Telecommunications Facilities, Planning & Construction (PTFPC) appropriations. The Deficit Reduction Act of 2005, was signed into law in February 2006 and changed NTIA's immediate focus significantly. Title III of that Act created a number of new programs to be funded under the Digital Television Transition and Public Safety Fund (DTV Fund) from future spectrum auction proceeds. Although the DTV Fund does not involve appropriations, I am well aware of the Subcommittee members' interest in these programs. I will return to these activities and give you a short progress report before I finish my presentation.

For FY 2008, NTIA requests \$18.6 million for Salaries & Expenses and the use of \$28.5 million in reimbursable funds from our Federal agency spectrum users. In addition, this budget supports the Administration's plan to consolidate assistance to public broadcast stations at the Corporation for Public Broadcasting (CPB).

Spectrum Policy for the 21st Century

NTIA continues its programs to support emerging technologies and uses of radio spectrum for affordable communications. Our intent is to improve American competitiveness by creating a regulatory environment that fosters private sector innovation in telecommunications. Promoting the efficient and effective use of spectrum by Federal agencies will improve the availability of this scarce resource for use by industry, consumers, and our military and transportation systems, to name but a few.

We have achieved recent successes in the development of spectrum sharing opportunities that mutually benefit the Federal and commercial users. Research and rulemaking activities have supported innovative solutions to satisfy the growing demand for the spectrum resource. The use of adaptive techniques, such as Dynamic Frequency Selection, that are supported by field measurements conducted by the NTIA lab, is a good example of innovations in sharing. NTIA input into rules to support the use of ultrawideband devices is another example of actions that have enabled extensive new applications for government and commercial users in defense and other security systems.

In addition, our internal process for administering frequency assignments is undergoing a long overdue modernization. Since the modernization effort got underway in 2003, the processing time for serving our Federal agency clients has been reduced over 30 percent.

Advanced Telecommunications and Information Services

During the past decade, the Internet has grown from an emerging communications tool to an essential component of world-wide communications. NTIA undertakes a number of activities to ensure its continued viability, including overseeing a joint project agreement with the Internet Corporation for Assigned Names and Numbers (ICANN) that emphasizes enhanced accountability and transparency in ICANN's decisionmaking, exercising the U.S. Government role for authorizing changes to the root zone file, maintaining the .US and .EDU domain names, and representing the United States on ICANN's Government Advisory Committee.

NTIA works closely with the State Department and other agencies to further U.S. telecommunications interests in an array of international fora, principally through the International Telecommunication Union and the Organization for Economic Cooperation and Development that undertake such issues as spectrum management, Internet and information security, Internet governance, and telecommunications development. NTIA also assists with bilateral discussions on telecommunications issues between the United States and its government counterparts in other countries.

Public Telecommunications Facilities Program

NTIA requests the support of the Subcommittee in the Administration's efforts to consolidate similar programs in a single location, in this case to consolidate financial support for public broadcasting stations at the Corporation for Public Broadcasting. A single source for and focus on the needs of public broadcasters should enable the most efficient use of available resources without the unnecessary walls erected by separate programs in separate agencies.

During FY 2008 and thereafter, NTIA will use carryover and recovered funds to administer the orderly shutdown of the program, including the continued processing of open grants from prior year grant rounds.

Digital Television Transition and Public Safety

NTIA's portfolio expanded considerably a year ago with passage and enactment of the Deficit Reduction Act of 2005 (Act). The Act authorizes NTIA to administer a number of new programs that will be funded with the proceeds from the auction of recovered analog spectrum in 2008. Some programs are getting underway this year by using borrowing authority provided in the Act, while the remaining programs will get underway upon deposit of receipts into the DTV Fund.

The most prominent programs getting started this year are the Digital Television Converter Box Coupon Program and the Public Safety Interoperable Communications (PSIC) Grant Program. The coupon program will subsidize consumer costs as the DTV conversion concludes. Through this program, consumers will be able to request up to two \$40 coupons to be used toward the purchase of converter boxes that will convert digital signals for display on over-the-air television sets. Preliminary work to establish the program's rules and to obtain contractual support for administration and consumer education is progressing on schedule. Partnerships with the Federal Communications Commission (FCC), the National Association of Broadcasters, and the Consumer Electronics Association, among others, will play an important role in meeting consumer expectations.

The other major program getting under way in 2007 is the PSIC Grant Program, which is a \$1 billion grant program to assist public safety agencies in the acquisition of, deployment of, or training for the use of interoperable communication systems that can use or enable the use of reallocated public safety spectrum for radio communication. Grants will be awarded no later than September 30 this year. Our efforts are driven by the need to achieve a meaningful improvement in the state of public safety communications interoperability, and to provide the maximum amount of interoperable systems with a minimum impact to existing state, tribal, and local radio communications assets. NTIA will use its in-house public safety interoperability expertise in combination with complementary expertise and in-place grant processing operations at the Department of Homeland Security to ensure the timely distribution of grants to our nation's first responders.

There are other, significant programs that will be implemented soon or upon the availability of the auction receipts. In the interest of your time, I will hold off discussing them at this hearing, but will be glad to offer the Subcommittee members a briefing at another time of their choice.

Telecommunications Legislative Proposals

The President's FY 2008 Budget request also contains a number of legislative proposals designed to increase the FCC's ability to effectively implement telecommunications and spectrum management policies. Specifically, the Budget request seeks permanent spectrum auction authority for the FCC, clarification of the FCC's ability to use auctions to assign orbital locations for domestic satellite services, and new authority for the FCC to use auctions to assign licenses for terrestrial services on frequencies allocated for mobile satellite services. The Budget request also proposes new authority for the FCC to charge fees for spectrum licenses and construction permits not granted through auctions and a termination of the Telecommunications Development Fund, which has previously been funded through interest on payments made by auction bidders. These proposals will ensure a fair return to taxpayers for use of spectrum resources, by providing estimated budget offsets of \$2.8 billion through 2012 and \$7.1 billion through 2017.

Conclusion

In conclusion, I want to thank the Subcommittee for its support for the President's Spectrum Policy Initiative, and your general support for NTIA's programs. While some may differ on the need for public broadcasting grants to be administered by this agency, NTIA will put forth its best effort on the programs at hand.

That concludes my prepared statement. I will be happy to answer your questions.